CITY OF NEW ORLEANS CHIEF ADMINISTRATIVE OFFICE

POLICY MEMORANDUM NO. 102

NOVEMBER 16, 2000

TO: All Departments, Boards, Agencies and Commissions

FROM: Cedric S. Grant, Chief Administrative Officer

SUBJECT: MONITORING REQUIREMENTS FOR THE FEDERAL AND STATE GRANTS

I. PURPOSE.

This memorandum establishes requirements for monitoring all sub-grantee agencies for compliance with federal and state regulations regarding the use of grants awarded by these governmental agencies and to reduce or eliminate ineligible costs incurred by programs administered by the City of New Orleans. This policy applies to all federal and state grants, regardless of funding sources, awarded by City department or agencies.

II. DEFINITION.

A grant is an award of public funds or property to an agency or person for the performance of services on behalf of the City. Grants may be funded by various sources and are usually implemented by contract.

III. GRANT MONITORING

All City sub-grantees are subject to monitoring by the City and federal and state agencies, as a specific contractual obligation. Monitoring will be conducted to assure that sub-guarantees are attaining the measurable goals, objectives, performance indicators, fiscal requirements and other compliance indicators outlined in the contract.

IV. PROCEDURES.

A. Review of Sub-recipients

Programmatic and fiscal site visits of sub-recipients will be conducted based on risk. Fiscal monitors will also conduct fiscal desk reviews.

B. Contract Compliance Guidelines

A copy of all agency award letters to sub-grantees will be submitted to the M.O.P.P.S. team leader by the granting agency. Also, all new, renewed, and amended contractual agreements will be forwarded to the team leader upon execution.

All contractual agreements will include a copy of the M.O.P.P.S. Policies and Procedures authorizing federal legislation as a part of the contracts.

All contractual agreements, meeting the expenditure requirement, will include the statement requiring sub-recipients to provide an engagement letter for a certified public accountant firm to conduct an audit of federal funding. A copy of the engagement letter will be submitted to the director of the granting agency within a month of the agency's ending fiscal year. The director of the granting agency will forward a copy of to M.O.P.P.S. The audit must be completed within nine months after the project fiscal year ends. A copy of the completed audit_should be received within nine months of the fiscal year as required by OMB Circular A-133 guidelines.

C. Fiscal Monitors

FISCAL Monitors or Grants Accounting Supervisors will conduct monthly fiscal desk reviews and some site reviews of sub-recipient agencies receiving grant funding from the city. The Fiscal Monitors will verify costs documented in column two (2) on the original Cost Control Statements with the backup documents submitted by the sub-recipients. If the sub recipient fails to respond or items are still questioned, after the fifth (5th) working day of the subsequent month, the Fiscal Monitor will disallow the cost and reduce the sub-recipient request for reimbursement by the amount disallowed. At least one third (1/3) of the sub recipients' cost control statements will be verified and approved every month. Each sub-recipients' cost control statements will be verified at least once every quarter. The Fiscal Monitor will forward all cost control statements to the processing clerk for payment processing and filing. The Finance Department will generate a check twenty (20) days after the final backup, documents is received in the M.O.P.P.S. office. The Clerk will forward sub-recipients check to granting agency for pickup by sub-recipients.

The Fiscal Monitors shall also conduct some site reviews in accordance with the schedule devised by the team leader, based o risk.

Site visits' responsibilities will include the review of the following documented records:

- 1. Personal services
- 2. Accounting journals
- 3. Fidelity or surety bond

- 4. Contractual services
- 5. Supplies and materials
- 6. Equipment
- 7. Signed corporate minutes from the Board of Directors' regular meetings.

Fiscal Monitors will submit a completed report of finding for each site visit.

Exceptions

Sub-recipients requesting a waiver from submitting backup documents will be required to submit requests for reimbursement quarterly and reviewed on site at least twice annually. The One-Stop Centers and other organizations needing bi-weekly reviews will have desk reviews performed by office staff and semi-annual site visits. City department and sub-recipients executing subcontracts and using their staff to conduct fiscal and programmatic reviews will submit reports to the M.O.P.P.S. team leader monthly.

D. Privatization Component of Monitoring Functions

The firms selected for monitoring will be furnished with a list of all the funding sources, with the sub-recipients and contract amounts by sources. For each of the federal funding source, the contractor will obtain the City's grand award document as well as the related federal legislations and regulations incorporated by references into the grant award. Using that information and the contractor's knowledge of OMB Circulars A-133, A-122, A-89 and A-21, the contractor will, in consultation with the Director of Federal and State Programs for monitoring and compliance, draft agreed upon procedures, the objective of which is to test the sub-recipient agency's compliance with the following OMB Circular A-133 Compliance Categories: Allowable Costs/Cost Principles, Eligibility, Activities Allowed or Unallowed; Matching, Level of Effort and Earmarking, Reporting, Special Tests and Provisions. Procedures are to include those designed to test the sub-recipient's achievement of the contract's measurable deliverables as reported by the sub-recipients in the monthly programmatic reports to the City.

Using the risk-based selection criteria, the contractor will annually select sub-recipients to test performance using the agreed upon procedures. The firms will provide on-site fiscal and programmatic monitoring.

The Contractor will perform at least one (1) monitoring visit during a twelve (12) month period to each selected sub-recipient, during which the agreed upon procedures will be performed.

The Contractor will provide a monthly status report that will include a summary of planned and actual monitoring visits; a summary of findings for

those monitoring visits that has have been completed, including the status of any prior findings, and the status of all phases of the contract.

Within 30 days of each visit to the sub-recipient, the Contractor will issue an agreed upon procedures report to the state the results of on-site fiscal and program monitoring procedures. The reports will be provided to the appropriate staff.

The contractor will also be required to attend monthly meetings to present reports.

Since the City Council and the City administration are both using contractors to perform monitoring of sub-recipients, close coordination will be established between the administration and the City Council to avoid duplication.

E. Team Leader

The team leader will be responsible for supervision of the M.O.P.P.S. crew, review and distribution of assignments, documents, reimbursements and coordination of the privatization component of monitoring.

This policy memorandum will be submitted to the appropriate cognizant agencies for review and approval annually.

VI. <u>INQUIRIES.</u>

Questions concerning this policy should be referred to the Mayor's Officer of State and Federal Programs.

Cedric S. Grant
Chief Administrative Officer

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